
MINISTERIAL STATEMENT
TO THE NATIONAL ASSEMBLY OF ZIMBABWE
BY
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MINISTER OF FOREIGN AFFAIRS
AND INTERNATIONAL TRADE
15 OCTOBER 2020

Mr Speaker,

I rise to deliver a **Ministerial Statement** to this August House in order to further amplify the remarks I made last week, in answer to Questions from Honourable Mliswa and others, regarding the effectiveness of Government's policy of **Re-Affirmation, Engagement and Re-Engagement** and to dispel, by way of providing empirical evidence, what I sensed may be an impression amongst some Members that we have made little, if any progress with that diplomatic outreach initiative.

Let me begin by recalling the pillars of the **New Dispensation's Foreign Policy**, as articulated by His Excellency the President, as he took office in November, 2017. These were that :

- (i) Zimbabwe seeks to be a friend to all and **an enemy of none**;

- (ii) Zimbabwe will pursue a policy of **Re-Affirmation, Engagement and Re-Engagement;**
- Re-affirming and further strengthening already long-standing relationships with “**all-weather**” friends;
 - Rebuilding relationships with all western countries and institutions which wish to re-engage with Zimbabwe; and
 - Actively seeking engagement with countries with which Zimbabwe has previously had little or no engagement; and
- (iii) Zimbabwe is **Open for Business;**

The **Ministry of Foreign Affairs and International Trade**, in close collaboration with all other relevant branches and agencies of Government - and with the active and much appreciated support of the **Parliamentary Portfolio Committee for Foreign Affairs and International Trade** - has spearheaded the implementation of this Policy - most specifically the element of Engagement and Re-Engagement and the element of promoting Zimbabwe as a reliable trading partner and a safe investment destination.

When one reviews the progress we have made over the past two to three years, it is inevitable that we see both positive and negative developments along our chosen trajectory : but I believe it is fair to say that, overall, we can be satisfied that, notwithstanding the occasional setback, we *have* advanced along the path of further strengthening existing relationships, of rebuilding broken relationships and of establishing new relationships : and that this multifaceted process has gathered enough traction to warrant not only its active continuation but indeed yet further impetus and acceleration.

Mr Speaker,

The **Re-Engagement** aspect of our Foreign Policy was always going to be a Process rather than an Event. And it was never going to be easy, or quick, to regain the confidence and trust of those western countries and institutions which parted ways with us around 2000, in the wake of the Land Reform Exercise : without doubt the primary trigger for the diplomatic, political and economic isolation which followed and which, in some respects, is still with us today.

I refer, of course, to the illegal, punitive sanctions and other restrictive measures still in place against our Nation.

The ultimate objective of **Re-Engagement**, naturally, is the lifting of all such measures still imposed on Zimbabwe, and the full, unfettered return of our country to a position of “good-standing” within the broad International Community. To the extent that those measures remain in place, it is perhaps understandable for the sceptical to cast the Policy as a failure or a waste of time : but this would be an incorrect assessment.

Our view, of course, is that sanctions are unjustified and obsolete and must go. The success of our diplomatic **Engagement** in this direction is clearly demonstrated by the solidarity of fellow SADC and other African nations, of major powers such as China, India, and the Russian Federation, of the Group of Non-Aligned countries, the ACP Group of Nations and many others, who continue to intensify their call for those sanctions to be lifted.

There was no such unanimous chorus prior to November 2017.

In previous submissions on the issue of **Re-Engagement**, and again today, I measure our success in terms of :

- *the very fact* of constructive dialogue between Zimbabwe and a range of western nations - including the USA, the EU and the UK - a dialogue which, prior to November 2017, was virtually non-existent;
- *the frequency* of such dialogue, and
- *the generally very constructive tenor and tone* of such dialogue;

Prior to November 2017, this simply was not the case.

Yes, sanctions remain : but, even there, our policy of **Re-Engagement** has brought some notable successes, including

- the complete removal of AgriBank and IDBZ from the US Treasury's list of sanctioned entities; and
- the lifting of the US\$ 385 million fine imposed by the US Treasury against CBZ;
- the elevation of our Political Dialogue with the EU to Ministerial level;

With regard to European sanctions, I believe we are all aware that, as from February, 2020, there are no longer any individuals on the EU's active sanctions list : although ZDI remains sanctioned and an arms-embargo remains in place against Zimbabwe.

Mr Speaker,

It is my firm contention, therefore, that, regardless of the occasional diplomatic skirmish with the west - regrettably often overblown by

both our local and foreign media - and notwithstanding the west's stubborn reluctance to acknowledge progress in the implementation of Government's home-grown reform agenda, our **Re-Engagement** efforts are paying dividends in terms of the New Dispensation's commitment to rebuilding Zimbabwe's image and to returning our country to its rightful place within the Community of Nations.

Mr Speaker,

Equally as important as the aspect of traditional or *political diplomacy* to both Engagement and Re-Engagement, is the aspect of *economic diplomacy* : and it is on this element that I wish to concentrate in further illustration of the solid progress being made.

You are aware that my Ministry is also responsible for International Trade. The promotion of international trade cannot be separated from the promotion of Zimbabwe as an attractive and secure destination for Foreign Direct Investment - FDI. All Zimbabwean diplomats abroad - starting with the Ambassadors themselves - are aware that they are now being assessed, in large measure, on their success in enhancing both trade and investment flows for our Nation.

In this regard, my Ministry and our Embassies work in close coordination with ZIDA, ZimTrade, ZTA and others.

Mr Speaker,

Honourable Members will be aware of significant progress over the past two years with regard to a number of major investment initiatives.

It is not possible for me to list them all, but, even a random selection reflects the wide and widening range of investment suitors, from all

over the world, who appreciate the enormous potential of our Nation and who are keen to come on board.

Allow me to mention just a few :

- **the US\$ 4,2 billion Great Dyke Investments** project, currently under construction, and set to boost production and beneficiation of Platinum and Platinum Group Metals;
 - a Joint Venture project between a **Russian** company and a Zimbabwean counterpart;
- **the US\$ 4,0 billion Karo Resources Platinum Mining Project** at Mhondoro-Ngezi, which is already ahead of schedule;
 - Tharisa PLC, which has major shareholding in Karo Resources is listed on both the **Johannesburg** and **London** Stock Exchanges
- **the Prospect Resources Arcadia Lithium Mining Project**, with a projected initial investment of some US\$ 175 million;
 - Prospect Resources is a battery minerals company, focused on lithium. It is listed on the **Australian** Stock Exchange;
- the J/V arrangement between Alrosa - a **Russian** company and leader of the world's diamond mining industry - and a Zimbabwean counterpart;
- the US\$ 50 million Chinese investment by Sunny Ying Tile Company in Norton;
- the US\$ 50 million investment, by a **UAE** Company, involving the purchase and complete refurbishing of Meikles Hotel, Harare;
- the US\$ 45 million **Pepsi-Cola** plant established by Varun Beverages of **India**;
- the US\$ 25 million **Invictus Energy Oil and Gas Project** in Muzarabani where drilling is expected to begin in October 2021;

- Invictus Energy is listed on the **Australian** Stock Exchange

Let me also mention

- the US\$ 58 million **Belarus Farm Mechanisation** Facility commissioned just 2 weeks ago by His Excellency the President;
- the US\$ 50 million deal with **John Deere Tractors** to supply farming equipment to Zimbabwe; and the prospect of a further US\$ 200 million deal with the same US company to supply additional farming and construction equipment to Zimbabwe;
- the US\$ 30 million **South African** investment to transform the Travel Centre, Harare, into an Apartment Hotel;
- the US\$ 20 million **Mauritian** investment into the processing of cooking oil, stock feeds and grain milling; **and of course**
- the US\$ 1,2 billion Hwange 7 and 8 Power Project;
 - **China's** SinoHydro is the main contractor;
 - The project is 45 % complete;
 - The first 300 MW are due to come on line in October 2021;

Mr Speaker,

Mention must also be made of the joint **China-USA** project to build the US\$ 4,5 billion **Batoka Gorge Hydro-Electric Power Plant** : which, when complete will supply some 2 400 MW of electric power to be shared equally between Zimbabwe and Zambia.

Mr Speaker,

We are all aware of **China's** generous support for infrastructure development in Zimbabwe. Apart from **Hwange 7 and 8**, China has funded **Kariba 7 and 8**, the expansion of **RGM International Airport (US\$ 153 million)**, the upgrading of **Victoria Falls Airport (US\$ 150 million)**, the **Net-One Phase 2 Expansion**, the **TelOne Backbone and Broadband** Projects, among many others - already operational or, like the **Kunzvi-Musami** Dam Project, still in the active planning stage.

Courtesy of **China**, you and the Honourable Members will shortly move into the new **Parliament Building** at Mount Hampden - a US\$ 150 million gift from our Chinese partners.

The April 2018 elevation of relations between Zimbabwe and the Peoples' Republic of China to that of a **Strategic Partnership of Cooperation** very clearly reflects the deepening bonds of friendship between our two Nations - a powerful re-affirmation of unbreakable ties.

Mr Speaker,

A feature of several of these Joint Venture agreements signed with foreign investors in the mining sector is the commitment to also invest in power generation to ensure adequate electric power for their own operations, with excess capacity being fed into the national grid. The Karo Resources Platinum Mining Project (RSA/UK) and the Caledonia Mining Corporation Blanket Mine Project are examples of such additional power generation plans.

Mr Speaker,

Let me provide a broader overview of foreign investment approved by Government in 2018 and 2019 so as to provide a more comprehensive

picture of the level of foreign interest being shown in Zimbabwe as an investment destination, and the economic sectors attracting that interest.

I stress that the data I am about to provide constitutes only those investment proposals and projects which have been *approved* by Government. Honourable Members should be aware that a very significant number of other, as yet un-approved proposals, from a very broad range of foreign investment sources, are currently being assessed and processed by the Zimbabwe Investment and Development Agency (ZIDA).

Honourable Members should also know that the data I am sharing with them relates only to Foreign Direct Investment (FDI), and does not include local or domestic investment flows.

Mr Speaker,

I regret that I cannot, at this stage, provide too many specifics in terms of source country/ies, or individual company names. There is need to maintain a degree of confidentiality and, again, whilst we remain under sanctions and under intense scrutiny by our detractors, it is perhaps unwise to divulge too much, too early.

Having said that, let me say that 2018 was something of a boom year - with in excess of US\$ 18 billion worth of investment projects approved by Government.

It will come as no surprise to learn that Mining and Energy were the predominant sectors of interest. Some US\$ 12 billion in investment was approved in the **Energy** sector alone , of which approximately US\$ 11 billion was committed by just 3 sources. Mining accounted

for some US\$ 1,4 billion in committed investment - from 2 main source countries.

US\$ 740 million was committed in the Tourism Sector; US\$ 530 million investment in the Manufacturing Sector; whilst US\$ 400 million was committed in the Construction Sector.

Without going into too much detail, let me say, Mr Speaker, that among the many investment projects approved were submissions from South Africa, Mauritius, China, India, the USA, the Republic of Korea, Australia, the UAE, Pakistan, the Russian Federation, the United Kingdom, Sweden, France, Japan, Germany and Lebanon.

Clear evidence, I believe, of progress.

Mr Speaker,

After this initial massive surge in investment interest, submission and approval during the course of 2018, the year 2019 witnessed much more modest investment activity, with total approvals amounting to US\$ 2,2 billion. Once again, the **Mining and Energy** sectors were the prime areas of committed investment - with US\$ 700 million approved in Mining and US\$ 545 million approved in Energy.

Other significant investment commitments were recorded in the Construction Sector (US\$ 390 million) and the Services Sector (US\$ 300 million).

Source countries for these approved committed investments include South Africa, China, Mauritius, Oman, the United Kingdom, India, Israel, Portugal, Switzerland, the USA and the UAE.

Mr Speaker,

By way of comparison and contrast, Honourable Members should know that the total foreign investment approved by Government in 2016 and 2017 was US\$ 2,3 billion and US\$ 1,5 billion, respectively.

Mr Speaker,

The figures for the first half of 2020 are still being processed. We should not be surprised, however - given the global economic impact of Covid-19 - to see yet more modest investment submissions for this year.

Of particular interest, however, in the Agricultural/Manufacturing Sector is an US\$ 80 million investment - already approved - for the growing and processing of cannabis and hemp products : a clear response to the further liberalisation, by Government, of investment regulations relating to the cultivation, processing and marketing of these products.

Mr Speaker,

The sceptics and critics amongst us will no doubt ask why, if all these projects and investments have materialised, as approved, why we do not yet appear to feel or see the impact of those inflows upon our economy.

I have pointed out that the vast majority of the approved investments, in terms of the quantum of funding committed, are in the **Mining and Energy Sectors**. These projects invariably have long gestation time-frames due, in part, to the need for detailed and often costly pre-feasibility studies, power purchase agreements (PPA's)(in the case of energy projects), full-feasibility studies and the various stages of exploration.

All such projects also have to conduct detailed environmental impact assessments.

Although, as Minister of Foreign Affairs and International Trade, I have no direct oversight function in following-up on the exact status of each approved investment - that is more appropriately the role of the Minister of Finance and Economic Development, Line Ministers and, increasingly, ZIDA - what I can say is that most of the approved **Mining Sector** projects, including a US\$ 1,2 billion approved Asian investment in the development of Coal Bed Methane, are currently at exploration-stage and advancing.

I have already referred to the major ongoing **Energy Sector** projects.

A raft of other smaller energy-related projects - primarily renewable energy in the form of solar and/or hydro-power - are currently at various stages of preparation or implementation. Together, they account for some US\$ 1,2 billion of approved investment in the sector (over the period 2018-2019) and will substantially boost electric power generation in our country.

Two other major power projects are currently under consideration.

It is true, Mr Speaker, that within a relatively short space of time, Zimbabwe will be a net exporter of electric power, further underlining its strategic importance as the natural logistic and supply or distribution hub for the Region.

Mr Speaker,

Let me turn, now, to the field of international trade where, I believe, our performance over the past 2 years or so - as per Zimtrade, Zimra

and ZimStat certification - provides further evidence of the success of (i) our policy of Engagement and Re-engagement, (ii) the determination of our exporters, and (iii) the innate resilience of our diversified economy notwithstanding our multifaceted challenges, including the continued imposition, by some, of sanctions and other punitive measures.

Let me start with some statistics.

Total merchandise exports in 2018 were US\$ 4,04 billion. Total imports amounted to US\$ 6,5 billion. Giving us an unsustainable trade deficit of US\$ 2,45 billion.

Total merchandise exports in 2019 were US\$ 3,98 billion, down by 1,5% from 2018.

Total imports in 2019 were US\$ 4,5 billion, down by 31,5% from 2018, and giving us a trade deficit of approximately US\$ 500 million - down by 81% from the deficit recorded in 2018.

Obviously, 2020 figures are not yet complete. However, total exports over the period January to end August, 2020, totalled US\$ 2,56 billion : representing a 4,9% increase in our export performance over the same period in 2019.

A 4,9% INCREASE in exports. Under current circumstances. Under sanctions. Mr Speaker, Sir, that is indeed progress and further validation of the policy of Engagement and Re-Engagement.

Total imports over that same period, January to end August 2020, totalled US\$ 2,96 billion; down from US\$ 3,16 billion recorded for the same period in 2019.

Our trade deficit at the end of August, 2020, therefore stood at US\$ 400 million, a 44% drop from the US\$ 719 million recorded at the same time last year.

Mr Speaker,

I will not go into great detail in terms of breaking down the various exports and imports, but I would like to highlight a number of important facts.

Firstly, that we remain, essentially, an exporter of raw, un-processed or, at best, semi-processed goods and commodities.

Government is fully committed to changing this situation; to supporting and facilitating industrialisation and the modernisation of our industries so that they may benefit and add value to products which, today, we export in raw or unprocessed form.

Minerals and Un-manufactured Tobacco remain our biggest export revenue earners, with Minerals generating US\$ 2,17 billion in export revenue in 2018 and US\$ 2,4 billion in 2019 - and accounting for 53% and 59 % of total exports, by value, in 2018 and 2019, respectively.

Un-manufactured Tobacco generated US\$ 864 million in 2018, and slightly in excess of US\$ 700 million in 2019 : constituting 21% and 17% of total exports, by value, respectively, in those two years.

Figures for 2020 - again covering the period January to end August - confirm Mineral exports of US\$ 1,98 billion, up almost 8% over exports during the same period in 2019, and constituting 77%, by value, of total exports over those 8 months.

Unmanufactured Tobacco exports generated US\$ 312 million over the period January to end August, 2020, up almost 12% over the same period of 2019 and constituting 12% , by value of total exports during that period.

Mr Speaker,

Without dwelling for too long on detail, let me point out that, with the exception of Horticulture and Clothing and Textiles exports, all others export sectors - including Processed Foods, Manufactured Tobacco and Hides and Skins - reflected very welcome increases in performance and export revenue over the first 8 months of 2020 : performance to which we can attribute the global 4,9% increase in export performance, by value, over the same period in 2019.

On Horticulture - although the 2020 figures are somewhat disappointing, this is a sector poised for massive growth in the coming years. Because of Covid-19, the global demand for so-called “super-foods” is soaring. Super-Foods, for the uninitiated, include avocado pears, blueberries, macadamia nuts, bananas, pineapples, citrus-fruit, mangos and so on : products with a high content of essential vitamins, useful for boosting the body’s immune system to fight-off disease, including viral diseases such as Covid-19 and influenza.

Zimbabwe is well placed to respond to this increased global demand and I am aware that trade and investment enquiries related to our horticulture sector are being received and processed.

Mr Speaker,

The year is not over. Our conservative forecast, however, is that total exports for 2020 should be in the region of US\$ 3,997 billion.

Sceptics and critics will point out that this is only marginally better than the export performance recorded in 2019 where, as already mentioned, our exports totalled US\$ 3,98 billion.

The point Mr Speaker is that, in spite of everything which mother nature, Covid 19 and sanctions have thrown at us over the past years, our producers and exporters have managed not only to stay afloat but to swim.

I actually find it quite remarkable, but at the same time very Zimbabwean, that notwithstanding these obstacles and challenges, we just keep pushing ahead, striving to succeed and indeed succeeding.

Mr Speaker,

Raw materials, machinery, equipment, fuel, electricity, motor vehicles and motor spares continue to dominate our imports.

The fuel and electricity import bill for 2019 was US\$ 1,34 billion, down 26% from the US\$ 1,87 billion recorded in 2018. 2020 figures, for the period January to end August, confirm that fuel imports totalled US\$ 570 million, 45% down on the US\$ 1,042 billion fuel import bill over the same period in 2019 : reflecting subdued industrial, commercial and tourism activity due to the Corona-19 containment measures, but possibly also reflecting the effectiveness of the liberalisation measures introduced in the fuel sector and the consequent closing-down of opportunities for arbitrage and other dubious practices which were so prevalent in that sector.

Mr Speaker,

Although our traditional trading partners remain largely the same - with South Africa retaining first place, taking 36% of our exports and providing us with 46% of our imports (over the first 8 months of 2020) - a most encouraging aspect of our trade figures over the past two years or so has been our growing presence in a number of regional markets and the slow but steady progress we are making in regaining our rightful place in those markets.

This is largely attributable to an improving business environment, ongoing fiscal and monetary reforms, Ease of Doing Business reforms as well as the intensified emphasis, within all our bilateral and bi-national commission meetings with SADC, Comesa and Tri-Partite Free Trade Area partners, on promoting Zimbabwean produce and products, on targeted trade-missions - including virtual trade missions and market surveys with Mozambique, Namibia, Angola and DRC - and on addressing trade imbalances with our regional partners and others.

Although our overall trade with SADC is down by 12% for the first 8 months of 2020 compared to the same period in 2019, bilateral trade with Mauritius, Mozambique, Tanzania and Angola reflects significant improvement.

Further afield, and evidence again of successful Engagement, is our growing presence in the Egyptian, Kenyan, Sudanese and Ugandan markets.

With the imminent commencement of trading under the African Continental Free Trade Area (AfCFTA), and on the basis of aggressive marketing and trade promotion by Zimtrade, I am confident that our trade performance with all these countries, and indeed others on the continent, will continue to improve.

Given our rich human capital resource and the evident demand for qualified, skilled professionals and technical expertise across the continent, it is important that we also concentrate on marketing our impressive potential in the Services sector - transport, tourism, financial, engineering, telecommunications and other professional services from accounting to legal services.

Further afield still, and building on the policy of Engagement and Re-Engagement, progress is being made in developing markets for our produce in the Gulf States and Middle East more broadly, as well as in countries such as Belarus, Azerbaijan, Kazakhstan and others. Efforts continue to expand our presence in already established markets such as China, India, Singapore, the UAE, the UK and others.

Speaking of the UK, I wish to thank this House for facilitating the ratification of the Zimbabwe-UK Trade Agreement. This will see Zimbabwean exporters continuing to enjoy duty and quota-free access into the UK following that country's exit from the European Union.

Mr Speaker,

There is a great deal more I could say on the progress we are making with regard to trade and investment flows and with regard to our policy of Engagement and Re-Engagement more broadly.

I thank you for the opportunity you have afforded me to share insight and information with Honourable Members : and I undertake, Sir, with your permission, to repeat this exercise on a regular basis so as to keep the House informed on the status of Engagement and Re-Engagement and on the significant progress we are making :

- To rebrand Zimbabwe as a reliable and trusted trade and investment partner;

- To strengthen long-standing relationships with our many all-weather friends;
- To establish new relationships with those with whom we have hitherto had little if any engagement; and
- To rebuild relationships which, for whatever reason, soured and fell apart over the past twenty years or so.

Mr Speaker,

With regard to **Re-Affirmation** and **Engagement**, I believe it is clear from the presentation I have made and the statistics I have shared with you that our traditional, long-standing partners remain predominant in terms of both trade and investment flows. We will continue to further strengthen and deepen those ties.

With regard to **Re-Engagement** : as I said at the beginning of my statement, the rebuilding of broken or interrupted relationships was never envisaged as an event. It is a process. An immediate breakthrough in terms of the US, the UK and the EU more broadly, even after the transition of November 2017, was never seen as likely : but such a breakthrough must remain a key objective of our overall Re-Engagement strategy.

Several setbacks notwithstanding, progress has been made. Whereas, prior to the New Dispensation, there was little engagement beyond two-way megaphone diplomacy between Harare and most western capitals, there is currently ongoing, constructive dialogue with all of them, the US, the UK and Brussels included.

We continue to differ on a number of issues - most specifically on the continued imposition of sanctions - but we are talking to one another rather than at one another: and, generally speaking, the atmosphere is positive and the prospects for further progress and improvement remain promising.

I Thank You